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Letter No. 2294

January 8, 1987

U.S. CORN
EXPORT
PROSPECTS

U.S. corn exports to Japan and China for 1986/87 could be higher than expected because U.S. corn appears to be favorably priced compared to corn from other countries like Thailand and South Africa. According to the U.S. Department of Agriculture, Japan has already turned down unattractively high-priced Thai corn, while low U.S. prices are putting competitive pressure on high-cost South African corn exports. China is reported to have already bought nearly 500,000 tons of U.S. corn for delivery through June 1987.

AG FINANCIAL
OUTLOOK

According to the U.S. Department of Agriculture, the following are some of the highlights of the agricultural finance outlook:

§ Net farm income may rise 7-9 pct. in 1987.

§ Total farm debt outstanding, excluding households, at the end of 1986 is expected to be about 3 pct. lower than a year earlier.

§ Current income returns are expected to improve in 1987.

However, as of Jan. 1, 1986, about 4 of every 10 farm operators in a large USDA survey were estimated to be unable to meet their debt obligations.

§ Commercial banks specializing in farm finance suffered increasing loan delinquencies and losses in 1986. The rate of farm loan deterioration may be moderating. The share of agricultural bank closures may have peaked in 1985.

§ Farm Credit System loan loss reserves are inadequate to deal with potential loan losses. Even if conditions improve, the effects of the last 2 years of losses will burden the FCS.

§ Some 32 pct. of the FmHA farm loans and 23 pct. of the principal outstanding were delinquent on Sept. 30, 1986. (For further info., contact Jerry Stam, 202-786-1886.)

LATEST U.S.
WHEAT EXPORT
FORECAST

The U.S. wheat export forecast by the U.S. Department of Agriculture for 1986/87, as of Dec. 10, was decreased by 5 pct., or 1 million 360 thousand tons, from the previous forecast. The new estimate is 26 million 500 thousand tons. The decline was mainly due to a 2 million-ton downward revision of the 1986/87 world trade forecast.

AUSTRALIA WHEAT
TO IRAN

The Australian Wheat Board confirmed the sale of 1 million tons of wheat to Iran, with shipments scheduled to begin in early 1987, according to the U.S. Department of Agriculture. With this sale, Australia claims it has secured export sales of 8 million tons of wheat for 1986/87. Australia's target is 15 million for the year.

ARGENTINE WHEAT TO VENEZUELA?

Officials within the Venezuelan government are pressing for a proposal mandating the purchase of up to 20 pct. of Venezuela's wheat import needs from Argentina, and to include domestically produced rice or corn flours in bread or pastas. According to the U.S. Department of Agriculture, Argentine wheat could amount to around 200,000 tons during 1987. This would impact on U.S. wheat imports to Venezuela who imports about 1 million tons of wheat each year. The U.S. has traditionally provided over 80 pct. of Venezuela's wheat import needs.

NEW CANADIAN SUBSIDIES

The Canadian government has decided to provide 1 billion Canadian dollars (U.S. \$725 million) in direct subsidies to Canadian farmers, according to the U.S. Department of Agriculture. Canada cites the "subsidy war between the U.S. and the EC" as justification for this action. Considering the regular minimum payment received by Canadian producers, it's estimated that the average grain farmer will receive about 5,000 Canadian dollars (U.S. \$3,600).

USSR IMPORT DEMAND TO FALL

A 7 pct. increase in the USSR's forecasted wheat production for 1986/87 to 87 million tons has led to a downward revision in anticipated wheat imports by the USSR by 2 million tons. The new forecast is 12 million tons. According to the U.S. Department of Agriculture, not since 1979/80 when the USSR imported 12 million 100 thousand tons has estimated wheat import demand been so low.

EMERGENCY LOANS TIED TO CROP INSURANCE

Farmers seeking disaster emergency loans from the U.S. Department of Agriculture's Farmers Home Administration for crop losses in 1987 will need to have crop insurance if it is available. FmHA Administrator Vance Clark said, "All family-size farmers should be aware that a newly-effective provision of the 1985 farm bill prohibits emergency loans for crop losses that could have been insured under multiple-peril crop insurance programs sponsored by the Federal Crop Insurance Corporation. Federally-subsidized multiple-peril crop insurance is now available. Crop insurance information is available at FCIC field offices and through most county ASCS offices.

TRADE SURPLUS LOWEST SINCE 1970's

Large declines in U.S. grain and cotton exports combined with record-high imports to cut the U.S. agricultural trade surplus in half in fiscal year 1986, according to the U.S. Department of Agriculture. At 5 billion 400 million dollars, the surplus was the lowest since the beginning of the export boom of the early 1970's. Export dollar value dropped \$5 billion to \$26 billion 300 million...and export volume dropped 16 million tons to 110 million tons in fiscal 1986. Grain and feed exports fell the most, \$4 billion, and 19 million tons. Those to USSR alone fell nearly 11 million tons. Exports of oilseeds and products rose 4 million tons in volume and \$70 million in value.

CCC RATE: 5-7/8%

Commodity loans disbursed in January by the U.S. Department of Agriculture's Commodity Credit Corporation will carry a 5-7/8 pct. interest rate. The Dec. rate was 5-3/4 pct.

FROM OUR
TELEVISION
SERVICE

AGRICULTURAL FINANCE - I...Farm income generally stabilized in 1986, and prospects point to moderate growth in 1987. USDA economist Jerry Stam focuses on factors holding income at a stable level. Vic Powell interviews. (101)

AGRICULTURAL FINANCE - II...Net farm income this year is expected to rise, and farm debt will likely continue declining, as total return to assets move positive for the first time since 1980. USDA economist Jerry Stam takes a look at farm income as well as other farm sector finances for 1987. Vic Powell interviews. (102)

SMALL-SCALE FARMING OFFICE...The U.S. Department of Agriculture recently announced the establishment of an office for small-scale farming to promote and assist the nation's small farm operations. USDA program director Howard (Bud) Kerr talks about this office and its goals. DeBoria Janifer interviews. (103)

GOVERNMENT PROGRAMS AND FARM SURVIVAL...Dave Lins, University of Illinois, takes a look at advantages and disadvantages of government programs and how government payments can sometimes make the difference between surviving on the farm or not. Gary Beaumont interviews. (104)

COMAX-GOSSYM...USDA research scientist James McKinion talks about research work being conducted with "Comax-Gossym", a computer model that simulates the growth and yields of crops to help track and sort information about plants. Vic Powell interviews. (105)

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1545...(Weekly 13½ min documentary) The President has just sent his 1988 budget proposals for the U.S. Department of Agriculture. Brenda Curtis talks about the budget with USDA Budget Officer Steve Dewhurst.

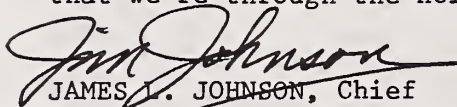
AGRITAPE/FARM PROGRAM REPORT #1534...(Weekly reel of news features) USDA news highlights; The USDA budget proposal; Selling of FmHA water and sewage loans; Farmers Home emergency loans tied to crop insurance.

CONSUMER TIME #1027...(Weekly reel of 2½-3 min features) Installing wood stoves; Indoor pollution from wood stoves and fireplaces; Goodbye African violets, hello kangaroo paws; Family decisions and computers; Eating and old age.

USDA RADIO NEWS SERVICE...Wed, Jan. 14, Milk production; Wed, Jan. 15, U.S. crop production, Soviet crop production, World ag. supply and demand; Fri, Jan. 16, World crop production, World oilseed situation; World cotton situation; Tues, Jan. 20, Catfish production, Foreign ag. trade of the U.S., Wed, Jan. 21, Crop and weather update; Thurs, Jan. 22, World tobacco situation; Fri, Jan. 23, Cattle on feed, Red meat production, World food needs update, World coffee situation. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

What do you do when the electricity goes off? If you are Margaret Desatnik of our Radio and TV staff, you continue to type away on your handy-dandy manual Underwood typewriter...while the rest of the staff says bad things about their word processors and the work they lost when the power went off. Vic Powell and Brenda Curtis-Heiken, for instance, lost scripts they had slaved over. A couple others of us were luckier and had just started on something when our systems "crashed." Modern technology is great...but. No doubt Margaret will remind us of her abilities to keep working when the lights go out ... Julie Terstreip (WRLB, Macomb, IL) is one of "15 Notable Farm Women" honored in the January, 1987, issue of Farm Women magazine. Our congratulations! ... Scott Erickson called to say he's back from his six month radio/TV project in Costa Rica (through Iowa State University) and is looking for a job in farm broadcasting. Scott worked with us as an intern a couple summers ago and graduated from ISU last year with a double major: Ag Journalism and International Agriculture. If you'd like to talk to Scott, the phone number is 815-756-9277 ... We received a nice packet of information from Bill Liermann who is now the Agri-Services Manager at WKFI, Wilmington, OH. Lots of good information about the station and its farm broadcasting personnel. Bill reports tht John Surber is the Farm Director and his staff includes three part-time people ... Lots of Holiday Greetings cards, and we thank you. One in particular was interesting, from the gang at the Rural Radio Network in New Palestine, IN. The greetings was in the form of a letter, and one item said, "If you chance to see the movie, Hoosiers," you'll view pieces of Harry Martin's antique radio collection, also displayed at the Indiana State Museum. Gene Hackman used Harry's mikes to address the 1950's era Hickory High School pep rally." And a star is born! ... Now that we're through the holidays, we'll be along weekly again.


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